



Maine Credit Union League

Testimony by Robert Caverly
In Opposition of LD 1119

An Act To Limit Credit Card Fees by Requiring Monthly Credit Card Billing

Committee on Health Coverage, Insurance and Financial Services

April 7, 2021

Good Afternoon Senator Sanborn, Representative Tepler, and distinguished members of the Committee on Health Coverage, Insurance and Financial Services, my name is Robert Caverly and I serve as the Vice President of Governmental Affairs at the Maine Credit Union League. The Maine Credit Union League is the trade association for Maine's 54 credit unions and over 725,000 members statewide. Today I am submitting testimony on behalf of the League in opposition of LD 1119, "An Act To Limit Credit Card Fees by Requiring Monthly Credit Card Billing."

As drafted, LD 1119 proposes to mandate that credit card issuers can only bill their card holders 12 times in a calendar year. If a card issuer violates this restriction and bills a thirteenth time, then the issuer forfeits the balance owed by the card holder. This is an extremely punitive penalty and could have major repercussions on some of Maine's state chartered, member owned, credit unions.

It is the League's understanding that this bill would only apply to state chartered or state regulated entities, federal preemption by the Truth In Lending Act would prevent LD 1119 from being enforced on out-of-state entities or federally chartered financial institutions. This

preemption would dramatically decrease the effectiveness of LD 1119 and would set a very uneven playing field within our state's borders on this policy matter.

To be clear, the League is not aware of any of our member credit unions billing more than once a month. It is very likely that our members would be able to comply with this proposal. However, if an additional monthly payment were issued, that issuing credit union would experience a significant loss under LD 1119. It is important to remember that any loss suffered by a credit union is a direct loss to its member owners. Issuing an additional payment is very unlikely, however, it is relatively easy to see certain calendar scenarios that could create challenges, like the end of year holiday season.

In addition, there are some credit score boosting programs that suggest additional monthly payments can help consumers raise their credit scores. The League is unaware of any of our members participating in such programs, however, LD 1119 would certainly bring an end to any such credit building program being provided in Maine.

The League would like to thank the committee for their consideration of our thoughts. We recognize the good intentions the bill proponents are seeking with this proposal. Should the committee want to pursue this idea further, the League will stand ready to offer our assistance and expertise. However, we believe the challenges brought by federal preemption is sufficient reason for the committee to reject this proposal.